

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

x

G INVESTORS HOLDING LLC as successors in
interest to STEPHEN CARB AS TRUSTEE OF
LOLLYTOGS, INC. TRUST,

Plaintiff,

vs.

LINCOLN BENEFIT LIFE COMPANY INC.,

Defendant.

:

:

:

:

:

:

:

:

:

:

x

09-CV-2980 (RMB)(KNF)

**AFFIDAVIT OF
STEPHEN CARB**

State of New York)

) ss.:

County of New York)

STEPHEN CARB, being duly sworn, deposes and says:

1. I am an attorney licensed to practice law in the State of New York and was the designated Trustee of Lollytogs, Inc. Shareholder Trust Agreement dated January 1, 1993 ("Lollytogs Trust") during the years 1993-2010.

2. This affidavit is submitted in opposition to the motion of Defendant Lincoln Benefit Life Insurance Company, Inc. ("Lincoln"), which seeks summary judgment dismissing Plaintiff's complaint.

3. Among my responsibilities as Trustee for Lollytogs Trust was to hold in my possession trust insurance policies until maturity and then turn over the proceeds in accordance with the Trust Agreement.

4. Upon information and belief, prior to 2010, Lollytogs was an entity 50% owned by members of the Sutton family and 50% owned by the members of the Gindi family.

5. Prior to 1999, I performed corporate legal work on behalf of Lollytogs and its shareholders, including the preparation of amendments to the Lollytogs Shareholders Agreement and the review of the Lollytogs Shareholders Trust Agreement.

6. On or about October 1, 1999, Lincoln made and issued to me as Lollytogs' designated trustee, a life insurance policy bearing policy number 01T1133155 insuring Sam Gindi's life in the amount of \$3,000,000.00. On or about November 8, 1999, Lincoln made and issued to me as Lollytogs' designated trustee, a life insurance policy bearing policy number 01T1125550 insuring Sam Gindi's life in the amount of \$26,000,000.00. (collectively referred to herein as the "Policies"). Both of these policies were delivered to me in New York.

7. Pursuant to the amended and restated 1993 Lollytogs Shareholder Agreement, as amended, the death benefit from the life insurance policy on Mr. Gindi would be used to fund a buyout of the Gindi family's 50% ownership share in Lollytogs.

8. In September 2003, at the instruction of Lollytogs' principals, I rejected the offer of a conversion right that had been extended in 2003.

9. On May 29, 2007, as directed I contacted Lincoln stating Lollytogs intent to convert the Policies from term to permanent life insurance and requesting illustrations of premiums for Universal and Whole Life insurance for Gindi.

10. On June 7, 2007, Lincoln responded that it needed additional information about the types of products Plaintiff would be interested in.

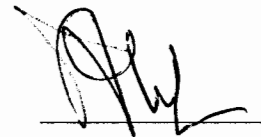
11. On June 29, 2007, as directed I informed Lincoln that Lollytogs was interested in an illustration showing a level payment of premiums on Universal life insurance up to age 100.

12. On August 13, 2007 I e-mailed Courtney Crowley, a representative of Lincoln requesting illustrations for conversion of the Policies. In response, on August 14, 2007, Ms. Crowley sent me an NAIC Disclosure Form and an illustration as to the conversion from term to Universal for the Policies

13. On October 31, 2007, as directed by Richard Sutton, I wrote to Lincoln confirming the existence of conversion rights and requesting Lincoln provide Lollytogs with a list of the available permanent life policies into which the Policies were convertible.

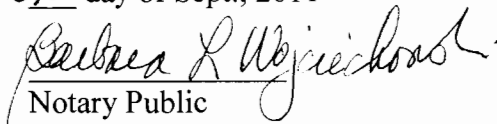
14. On November 8, 2007, Lincoln responded by denying the Plaintiff's request to convert the policy due to the insured's age.

15. While I was not the decision maker regarding the decision to retain counsel and initiate suit, I ultimately signed the retainer agreement with Weg and Myers, P.C. and ultimately the initiation of this suit in my capacity as Trustee and at the direction of the parties.



Stephen Carb

Sworn to me on this
20th day of Sept., 2011


Notary Public

BARBARA L. WOJCIECHOWSKI
Notary Public, State of New York
No. 01WO4658028
Qualified in Queens County
Commission Expires November 30, 2013

Docket No 10-CV 2980

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STEPHEN CARB AS TRUSTEE OF
LOLLYTOGS, INC. TRUST

Plaintiff,
-against-

LINCOLN BENEFIT LIFE COMPANY, INC.,

Defendant.

AFFIDAVIT OF STEPHEN CARB

Weg and Myers, P.C.
Attorney for Plaintiff

Office and Post office Address, Telephone
Federal plaza
52 Duane Street
NEW YORK, NEW YORK 10007
(212) 227-4210